GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4344
ANSWERED ON:11.08.2017
Merchant Discount Rate
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government is considering to reduce Merchant Discount Rate (MDR) charges on all card payments;
(b) if so, the details thereof;
(c) whether the Government has noticed that after introducing digital payment system by the Government, the consumers are being forced to do payment through card and if so, the details thereof;
(d) whether it is appropriate to abolish the MDR completely instead of reducing it in such cases as it is a burden on consumers; and
(e) if so, the details thereof and the action taken by the Government in this regard and if not, the reasons therefor?

Answer

The Minister of State in the Ministry of Finance

(a) and (b) Reserve Bank of India (RBI) has issued draft guidelines on 16.2.2017 for Merchant Discount Rate (MDR) inviting comments.

(c) to (e) Transacting parties select a payment system on the basis of the relative advantages they offer to transacting parties. Government has issued guidelines for the Government to absorb applicable MDR charges on debit cards for payments of up to Rs. 1 lakh made to the Government of India by citizens.